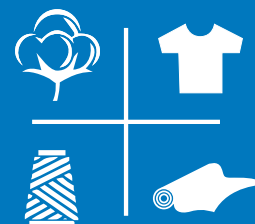


# M. P. TEXTILE NEWSLETTER

THE MONTHLY NEWS LETTER OF  
THE MADHYA PRADESH TEXTILE MILLS ASSOCIATION



Chairman :  
**Shri Akhilesh Rathi**

Vice Chairman :  
**Shri Shreyeskar Chaudhary**

Dy.Chairman :  
**Shri Subhash Jain**  
**Shri Siddharth Agrawal**

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## ASSOCIATION NEWS

1. The Board of Directors of M.P. Industrial Development Corporation in its Meeting held on 30th May, 2020, have taken a decision to increase the rate of maintenance charges in various industrial areas (including Chhindwara) from Rs.2 per sq.mtr. to Rs.6 per sq.mtr. for the financial year 2020-21. Many of the Member Mills have already paid the maintenance charges, when this decision was conveyed to them in the month of September, 2020. Since the Mills have not yet come out from the impacts of Covid-19 and are operating at about 50% of capacity, it is difficult for the Mills to bear such a hike. We have, therefore, made a request to the Managing Director, MPIDC, on 18th September, 2020 to consider the increase from 1st April, 2021 (instead of from 1st April, 2020) and also to keep the increase at a reasonable level say 25% or so.

2. The Madhya Pradesh Vidyut Vitran Companies have demanded Additional Security Deposit equivalent to 15 days' consumption from some of the Mills on account of delay in payment of energy bills for the months of April/May, 2020, which were paid later and also on account of demand of Electricity Duty and Interest thereon in respect of power purchase under Open Access during the period prior to 2017.

The Department has allowed a special rebate of 1% to the consumers who made payment of bills for April and May, 2020 within due date, which implies that the payments made after the due date will not be a default. Secondly the MPERC (Security Deposit) Regulations provide that if a consumer makes regular payment of energy bills within due date for all the months of a financial year or for at-least next 6 months continuously (whichever is more), the consumer may be allowed to pay security deposit equivalent to 45 days' consumption. Since the Mills have been making regular payment in the past and the matter of waiver of interest on electricity duty is pending decision with Appropriate Authority, we have made a request on 22nd September, 2020 to the Principal Secretary, Energy Department, to advise the DISCOMs not to demand additional security deposit.

3. The Hon'ble Minister for MSME of the State, Shri Omprakash Saklecha, visited the Association Office on 14th September, 2020.

He was welcomed by our Chairman, Shri Akhilesh Rathi and a Green Plan presented to him. The Members present on the occasion introduced themselves to the Minister, thereafter the interaction with the Minister started and the following points emerged from the discussion:-

- The Government is likely to consider power to MSMEs at Rs.6.00 per unit.
- Regarding Capital Subsidy on investment, he was of the view that it should be employment based instead of investment based.
- Regarding reservation of SC/ST, he was of the view that 2% additional subsidy can be given to those who follow employment of such categories.
- On the question of subsidy due from the Government, he stated that 80% amount will be cleared by December, 2020 end.
- While allotting land for industries, the Government will allow certain percentage for residences of staff/ workmen.
- He will see that the limit of 2MW for installation of solar power plants is removed.
- Exit policy for closed units will be planned.
- For the Textile, emphasis will be on Cluster Development having weaving, processing, knitting and garmenting/ made-ups. The Minister was presented momenta of Textile Products manufactured by Prem Textiles and Pratibha Syntex.

## RAW MATERIAL

1. As per The International Cotton Advisory Committee (ICAC) release of 1st September, 2020, after two seasons of negative growth, global consumption is expected to increase to 24.30 million tons in 2020-21 with China continuing to be the largest consumer at 7.80 million tons. India is expected to consume 5.10 million tons with the Mills in the Country reporting





steady return to manufacturing after initial lockdown. Consumption estimates for Vietnam and Bangladesh are at 1.48 million tons and 1.40 million tons respectively. As global stocks of cotton continue to increase, spinners may be able to anticipate a period of lower prices for raw material. However, stock piled cotton may degrade over a time when released against the current crop. Global production for 2020-21 is expected to be led by India, who continues to lead a planting over 12.00 million hectares with expected crop of 6.20 million tons.

2. According to US Department of Agriculture (USDA) cotton supplies are expected to remain lower globally as compared to last year. It expects Indian crop to be higher despite reports of crop damage in some of the States. As per the latest sowing report from the Ministry of Agriculture, area under cotton is 129.30 lakh hectares till 11th September, 2020 as against 126.61 lakh hectares in the previous season. Cotton prices in the Country have stabilized due to slower selling interest among farmers as the Minimum Support Price has been increased.

3. The cotton purchases by Cotton Corporation of India (CCI) in the marketing year 2019-20 till 31st August, 2020, have been 104.60 lakh bales as compared to a record purchase of 89.3 lakh bales in entire 2018-19. It just purchased 11.00 lakh bales in the last year.

CCI has sold over 55 lakh bales in couple of months. The average discount has been rationalized in the price itself, so that every category of buyer can take the advantage of price, irrespective of quantity. The rationalized cotton prices are lower by Rs.400-1000 per Candy depending on quality, length and location. The prices for September, 2020 ranged from Rs.35,300 to Rs.37,200 per Candy.

4. According to Cotton Association of India, cotton exports are expected to touch 65 lakh bales during current season as against exports of 50 lakh bales in the previous year. CCI expects to sell 15 lakh bales of cotton to Bangladesh on a Government-to-Government basis.

5. The Office of Textile Commissioner has fixed Minimum Support Prices (MSP) of cotton for the cotton season 2020-21 (October-September) on 1st September, 2020. The MSP of major varieties are as under:

Class	Staple Length (mm)	MSP (Rs./Quintal)
Short Staple	20 & below	5,015.00
Medium Staple	21.5-22.5	5,265.00
	21.5-23.5	5,315.00
	23.5-24.5	5,365.00
Medium Long Staple	24.5-25.5	5,515.00
	26.0-26.5	5,615.00
	26.5-27.0	5,665.00
Long Staple	27.5-28.5	5,725.00
	27.5-29.0	5,775.00
	29.5-30.5	5,825.00
Extra Long Staple	32.5-33.5	6,025.00
	34.0-36.0	6,225.00
	37.0-39.0	7,025.00

6. The Southern India Mills' Association has prepared a Report on Cotton Scenerio-an Update for the month of August, 2020 according to which cotton arrivals as on 31st July, 2020 was 345.40 lakh bales (including 17.00 lakh bales in Madhya Pradesh).

7. The Ministry of Textiles have formulated on 14th September, 2020 a Committee on Cotton Production & Consumption (CoCPC) to estimate production, demand, export, etc. in respect of cotton. The Committee is headed by Textile Commissioner and includes members from CAI, CITI, TEXPROCIL and other stakeholders.

The first Meeting of this Committee was held on 21st September, 2020 and it has estimated cotton production for the cotton season 2019-20 at 357.00 lakh bales and consumption (Mills, SSI and Non Textiles) at 261.97 lakh bales.

## POWER

1. The Union Ministry of Power has started deliberations to bring electricity under Goods & Services Taxes Act, as a recent study, it conducted showed that this would reduce per unit cost of power to generation, distribution and transmission companies by 17 paise per unit or an estimated Rs.25,000 crore per year. The Government had asked Central Electricity Authority and NTPC to study and report the benefits and challenges.



## MAN POWER

1. The Parliament passed following three Labour Codes on 23rd September, 2020 :

- Industrial Relations Code, 2020.
- Code on Occupational Safety, Health and Working Conditions, 2020.
- Social Security Code, 2020.



The four Labour Codes (Wages Code, 2019 passed earlier) covering twenty nine present labour laws, will also establish transparent, answerable and simple mechanism reducing to one registration, one license and one return for all Codes. These Codes empowers States to allow easier retrenchment, layoff or closure through a Notification without the need to seek approval from the Centre. States can also exempt new establishments from any of the provisions of the law dealing with Industrial Disputes. The working conditions and welfare facilities are to be framed through Rules instead of the Code. In case of emergency provided certain conditions are fulfilled, the States can exempt the existing establishments from any of the provisions of the Code. The Union Labour Minister expects to implement these four Labour Codes by December, 2020.

2. The Union Ministry of Labour & Employment has amended definition of 'State Medical Officer' in Employees' State Insurance (Central) Rules, 1950, to include a duly registered Medical Practitioner and also a Medical Officer appointed by the Corporation. The Rules comes into effect from 14th September, 2020.

3. The Employees' Provident Fund Organization has issued guidelines to its field formations on 14th September, 2020 regarding Attachment of Bank Accounts for Enforcing Appearance and Conducting Enquiries under Section 7A of the Employees' Provident Fund & Miscellaneous Provisions Act.





4. The Minimum Wages payable to various categories of workmen in the State has been increased by Rs.125/- p.m. with effect from 1st October, 2020 and are as under:-

Category	Basic p.m.	Variable DA	Total	Daily Wages
Unskilled	Rs.6500	Rs.1900	Rs.8400	Rs.323
Semi Skilled	7057	2200	9257	356
Skilled	8435	2200	10635	409
Highly Skilled	9735	2200	11935	459

## LEGAL & TAXATION

1. The Central Board of Indirect Taxes & Customs (CBITC) has extended the validity of e-Way Bills till 30th November, 2020. The extension is valid for e-Way Bills issued pre-lockdown, the validity of which was extended several times. This will help transportation of goods of over Rs.50,000 in value.



2. The CBITC will rollout pan-India Faceless Assessments for all imported goods by 31st October, 2020.

3. From 21st September, 2020, importers need to furnish proof of 35% value addition in goods from the Country of Origin to claim duty concession under Free Trade Agreements.

4. A seller of goods is liable to collect TCS @ 0.1% from 1st October, 2020 on receipt of consideration from a buyer in excess of Rs.50 lakh in the previous year. In non-PAN or Aadhar case, the rate of TCS would be 1%. For the purpose seller means a person, whose total sales, gross receipt or turnover from the business carried by him exceeds Rs.10 crore during the financial year immediately preceding the financial year, in which sale of goods is carried out. However, the rate has been reduced by 25% till 31st March, 2021.

5. The Director General of Trade Regulations (DGTR) has recommended imposing Anti-Dumping Duty of US\$ 15.87 per metric ton of acrylic fibre exported from Thailand by Thai Acrylic Fibre Co. Ltd., for five years. This is a big relief for the domestic industry as the earlier duty charged was US\$ 162.00 per ton.

6. The Textile Mills producing cloth have requested the Government for elimination of Anti-Dumping Duty on Viscose Staple Fibre to make the textile business internationally aggressive. Removal of this duty will make the domestic prices align with global prices. While the viscose fibre attracts 5% import duty in addition to anti-dumping duty, viscose yarn attracts import duty only, hence the weavers depend on imported viscose yarn to compete with international markets.

## EXPORT & IMPORT

1. India's textile and clothing exports were down by 11.69% from US\$ 2893.66 million in July, 2019 to US\$ 2555.51 million in July, 2020. Cotton yarn/fabric/made-ups, etc., were the only subsector, which has shown positive growth in exports in July, 2020 as compared to July, 2019. The export update on textiles and clothing for April-July, 2020 is as under :-



Value in US\$ Million

Particulars	July 2019	July 2020	Apl-July'19	Apl-July'20	% Change
Cotton Yarn Fab/Made-ups	824.01	885.32	3344.86	2259.69	-32.44
Man-made Yarn/fabric/made-ups	399.32	306.16	1554.31	781.78	-49.70
Jute Mfg.	30.58	32.65	109.13	68.25	-37.46
Carpets	123.40	125.82	469.39	304.15	-35.20
Handicrafts	151.68	142.39	614.00	308.65	-49.73
Total Textiles	1528.99	1492.34	6091.69	3722.52	-38.89
Apparel	1364.67	1063.17	5535.09	2509.48	-54.66
<b>Tex. &amp; Clothing</b>	<b>2893.66</b>	<b>2555.51</b>	<b>11626.78</b>	<b>6232.00</b>	<b>-46.40</b>
All Commodities	26332.63	23642.85	107412.84	74961.00	-30.21
%age of T&C in total exports	10.99	10.81	10.82	8.31	

2. There has been a reduction in import of textile products by 49% in July, 2020 as compared to the same month of previous year. The import data for April-July, 2020 vis-à-vis April-July, 2019 are as under:-

Value in US\$ Million

Particulars	July 2019	July 2020	Apl-July'19	Apl-July'20	% Change
Textile Yarn Fab/Made-ups	188.31	96.11	670.90	313.92	-53.21

3. As per reports, August 2020 data for exports of cotton textiles show an increase of 13.6%. Exports of cotton textiles reached a level of US\$ 991.40 million against US\$ 872.00 million in the same period in the previous year. Exports of cotton yarn increased by 17.7% and made-ups by 11.3%. However, exports of fabrics declined by 12%. Total exports of cotton textiles during April-August, 2020 have shown a decline of 21.10% reaching a level of US\$ 3,500 million against exports of US\$ 4,450 million during April-August, 2019.

4. According to Chairman of Apparel Export Promotion Council, Dr. A. Shaktivel, apparel exports from India will expand by 40% this fiscal. The major focus on new medical textiles will take our total apparel exports from US\$ 15.4 billion last year to about US\$ 22.0 billion in 2020-21.

## STATE OF THE INDUSTRY

1. The Index of Industrial Production (IIP) data for the month of July, 2020 released on 11th September, 2020 is as under:

Items	For the Month		Cumulative		% Growth
	July 2019	July 2020	April-July 2019-20	April-July 2020-21	April-July 2020-21
Textiles	113.8	97.0	114.8	49.3	(-)57.1
Wearing Apparel	166.8	118.9	165.7	74.1	(-)55.3

2. The Office of Textile Commissioner vide its Circular dated 18th September, 2020, relaxed the timeline for submission of applications for UIDs and JIT Inspection under ATUFS.



3. Speaking at the 14th CEO Conference of Southern India Mills' Association, Textile Commissioner, Ms. Roop Rashi, said "The structural issues on raw material front would be addressed soon. But it is for the industry to utilize the opportunities, diversify, innovate, scale-up and build global brands". Reiterating that the

Government would extend only policy support to the industry, she categorically stated that Government would work only 'as a facilitator'.

4. Addressing the inaugural session of three day "GLOBIZ – Global Textile & Home Furnishing Expo" organized by FICCI on 16th September, 2020 Shri Ravi Capoor, Secretary, Ministry of Textiles said this is the most promising time for the textile industry in India due to strong consumption in the domestic market as well as growing demand for exports. He urged the industry – "We have concentrated on few markets only. We should expand in the markets where India was never present and virtual shows like GLOBIZ help to do that. This is the time for the textile industry to increase its market share and take advantage of global market".

5. According to a report titled 'Technical Textiles; the Future of Textiles' released by Invest India, the global demand for technical textiles is expected to grow to US\$ 220 billion by 2025 from US\$ 165 billion in 2018 at a CAGR of 4%. In India the market is estimated at US\$ 19 billion growing at a CAGR of 12% over last five years. It contributes to about 0.7% of India's GDP and accounts for approximately 13% of India's total textile and apparel market. In 2018-19, India's technical textile exports are estimated at US\$ 1.9 billion.

6. The Reserve Bank of India appointed an Experts Committee (Kamath Committee) for a resolution framework for bank loans stressed on account of pandemic Covid-19 had outlined parameters to deal with 26 sectors, which includes textile also. The findings of the Committee have been accepted by the Reserve Bank of India and a circular has been issued on 7th September, 2020 defining the key ratios for resolution of stressed assets. The textile sector specific ratios are as under:-

TOL/ ATNW	Total Debt/ EBITDA	Current Ratio	Average DSCR	DSCR
<=3.50	<=5.50	>=1.00	>=1.20	>=1.00

The lending institutions have to ensure compliance of TOL/ATNW at the time of implementation itself. All other ratios have to be maintained as per Resolution Plan by 31st March, 2022 on an ongoing basis thereafter.

## TEXTILES IN PARLIAMENT

During the Parliament session held in September, 2020, the gist of the information provided by Hon'ble Union Minister of Textiles, Smt. Smriti Zubin Irani, are as under:-

### Rajya Sabha :

1. On 17th September, 2020 – Textile Sector provides largest source of employment in the Country with over 4.5 crore people employed directly and another 6 crore people in allied sectors including large number of women and rural population through various schemes and public programmes, which include ATUFS, SITP, Development of Knitting & Knitwear Sector and various Schemes for Powerloom Sector, Silk Samagra, NERTPS, NSDP, etc.

2. On 17th September, 2020 – The Government is implementing Scheme for Integrated Textile Parks (SITP), which is demand driven and provides support for creation of World class infrastructure facilities for setting up textile units with grant of upto 40% of the project cost.

3. On 22nd September, 2020 – The Government has initiated special measures to help ameliorate the conditions in textile sector due to Covid pandemic and to boost the production, marketing and job opportunities in this sector. The Government has conducted a symposium with Textile Export Promotion Councils and other industry stake holders for finalizing list of potential export products against which exports can be enhanced. A special economic package – Atma Nirbhar Bharat Abhiyaan has also been announced to support the industry.

4. On 22nd September, 2020 – The Government is implementing Credit Linked Scheme called ATUFS for technology up-gradation of textile industry including MSMEs to facilitate augmenting of investment, productivity, quality, employment, exports along-with import substitution in the textile industry. The Scheme envisages to promote 'Make in India' with 'Zero Effect and Zero Defect' in manufacturing. Every eligible entity is entitled to reimbursement of Capital Investment Subsidy (CIS) under the scheme.

### Lok Sabha :

1. On 18th September, 2020 – State-wise production of cotton during current cotton season (2019-20) and previous cotton season (2018-19) as estimated by Cotton Advisory Board is 360 lakh bales and 330 lakh bales respectively (Madhya Pradesh 20 lakh bales and 24 lakh bales). The Cotton Corporation of India (CCI) is purchasing cotton under Minimum Support Price operations in all cotton growing States by operating more than 400 cotton procurement centres. CCI during current cotton season upto 13th September, 2020 has purchased 105.14 lakh bales (Madhya Pradesh 4.43 lakh bales).

2. On 18th September, 2020 – The Government has approved the proposal for creation of National Technical Textile Mission for a period of four years (2020-21 to 2023-24) with an outlay of Rs.1480 crore. It includes for Research, Innovation and Development Rs.1000 crore; for Promotion and Market Development Rs.50 crore; for Education, Training and Skilling Rs.400 crore; for Export Promotion Rs.10 crore and balance Rs.20 crore for Administrative Expenses. The Mission will work for holistic development of entire technical textile sector pan-India basis.

3. On 18th September, 2020 – The Ministry of Textiles is implementing Samarth Scheme for Capacity Building in Textile Sector, a placement oriented programme targeting skill development of 10 lakh youth in entire value chain of textiles, excluding spinning and weaving in the organized sector. Under the Scheme, eighteen State Governments have been allocated a training target of 3.6 lakh beneficiaries for conducting training in traditional and organized sectors. 76 industries have been empaneled for entry level skilling with target of 1.36 lakh beneficiaries. Another 44 industries for office skilling programme have been empaneled with a target of 30,000 beneficiaries. Government has approved the Scheme with an outlay of Rs.1300 crore to be utilized from 2017-18 onwards.

4. On 23rd September, 2020 – Every year before commencement of cotton season (October to September), the Ministry of Agriculture fixes the Minimum Support Price of two varieties of seed cotton to protect the interest of cotton farmers. While recommending MSPs, the Commission on Agricultural Costs & Prices (CACP) considers cost of production, demand and supply conditions, domestic and international prices, inter-crop prices, terms of trade and likely effect on rest of the economy, besides ensuring rational utilization of land, water and other production resources and a minimum of 50% margin over cost of production. For cotton season 2020-21 Government has increased MSP of medium staple cotton from Rs.5255 to Rs.5515 and long staple cotton from Rs.5550 to Rs.5825 per quintal.